

CENTRAL INTELLIGENCE AGENCY REPORT

COUNTRY China

DATE OF INFORMATION 1950

SUBJECT Transportation - Air, water, land

HOW PUBLISHED Daily newspapers

DATE DIST. 19 May 1950

WHERE
PUBLISHED Hong Kong; New York

NO. OF PAGES 3

DATE
PUBLISHED 15 Mar - 21 Apr 1950

LANGUAGE Chinese

SUPPLEMENT TO
REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF ESPIONAGE ACT 80 U. S. C., 31 AND 32, AS AMENDED. ITS TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE Newspapers as indicated.

COMMUNISTS BUY PLANE PARTS IN HONG KONG,
TAKE OVER 150,000-TON TANKER

PEOPLE'S GOVERNMENT GETS PARTS -- Hong Kong Hsing-tao Jih-pao, 16 Mar 50

Hong Kong -- Much attention has been drawn to the recent shipment out of Hong Kong by sea of 1,000 tons of replacement parts for American-made airplanes. It is said this amounts to a 2-year supply for the American-made planes which the Communists now have or expect to have. Furthermore, they are the kinds of equipment the sale of which has been prohibited by the Department of State to Communist countries.

The Nationalists have threatened to shoot down the 70 former CNAC planes in Hong Kong if and when they attempt to leave. The Communist pilots refuse to try to fly them out by night because the airfields on the mainland are not equipped for night landings. If they do succeed in getting the planes away from Hong Kong, their destinations will probably be K'un-ming, Chungking, Sian, and Peiping, all of which are out of range of the Nationalist planes.

PLANE PARTS SHIPPED BY SEA ROUTE -- Hong Kong Hsin-sheng Wan-pao, 16 Mar 50

- Hong Kong, 16 March -- Representatives of the Chinese People's government, on 15 March, shipped by the British-registered 1,668-ton steamer Empire Dirk, 5,777 boxes of airplane parts which had been in storage in Hong Kong, to Tsingtao, via Ying-k'ou and Korea. These boxes bore as the name of the sender Y. C. Chen (Ueda: 12864) and were addressed to T. H. Fang, Tsingtao.

A spokesman of the Civil Air Transport Corporation, Inc stated that the transportation expenses on this shipment of airplane parts to Tsingtao are greater than the original value of the parts themselves. The 70 CNAC planes now being held in Hong Kong are of American make, and all replacement parts for them must be purchased from the US; but the US government has prohibited the sale of American-made airplane parts to any Communist nation. Thus the source of parts for this type of planes has been cut off. Since it is quite difficult to cross the KMT naval and air blockade, the shipment will probably be blown up en route.

- 1 -

CLASSIFICATION CONFIDENTIAL

STATE	<input checked="" type="checkbox"/>	NAVY	<input checked="" type="checkbox"/>	NSRB										
ARMY	<input checked="" type="checkbox"/>	AIR	<input checked="" type="checkbox"/>	FBI										

50X1-HUM

CONFIDENTIAL

CANADIAN PACIFIC AIRLINE SEEKS EXPANSION -- Hong Kong Hsin-sheng Wan-pao, 16 Mar 50

Hong Kong, 16 March -- The Canadian Pacific Steamship Company, which before the war had a large fleet of superior steamships on the Pacific, in September 1949 instituted a trans-Pacific airline. Yesterday, 15 March, several directors of the airline, the general manager, and the Chinese advisor Lo ch'uan-hua (C. H. Lowe) (Ueda: 13755, 468, 9921), arrived in Hong Kong by airplane after a stop in Japan. The purpose of their trip is to study ways and means by which their business with China and Chinese travelers may be developed. They will also discuss with local leaders the future prospects of Hong Kong which is the Far East terminal of the line.

KWANGSI SHIPPING COMPANY CLOSES HONG KONG OFFICE -- Hong Kong Hsin-sheng Wan-pao, 17 Mar 50

Hong Kong, 17 March -- The Kwangsi Shipping Company has had to bow to the Communist authorities and turn over to them its two steamers, the Kuei-shan and the Kuei-hai. The company was also ordered to move its office from Hong Kong to Canton. In view of the rather involved circumstances, the company decided to close its Hong Kong office. The staff of the Hong Kong office almost unanimously refused to move to Canton, and the few who did go have returned to Hong Kong. The company is still negotiating with the CCP authorities concerning the possibility of maintaining their Hong Kong office.

COMMUNISTS TO TAKE OVER SS YUNG-HAO -- Hong Kong Hsing-tao Pao, 15 Mar 50

Hong Kong -- Although no official statement has been issued, it is understood here that the oil tanker SS Yung-hao (Ueda: 5957, 6763), now under repair at the Chiu-lung Dockyard, Hong Kong, will be taken over by the People's government of China.

This 15,000-ton Japanese tanker was bombed and sunk by the US Air Force in the harbor of Takao, Taiwan. After the war, the Nationalist government of China directed the China Oil Tanker Company (jointly managed by the National Resources Commission and the China Merchants Steamship Company to provide funds and raise the ship which would then be turned over to the KMT government.

The damage sustained by the ship was extensive; and after being raised, it was towed to Hong Kong for repairs, which were estimated to require about 10 months. The China Oil Tanker Company arranged with some Hong Kong parties to supervise the reconditioning of the tanker. However, due to the vicissitudes of the recent hostilities, the arrangement did not work out well, and there was trouble about funds. After 18 months, the repair work is only 20 percent finished. After the liberation of Shanghai, the People's government took over the China Oil Tanker Company, and sent a delegate to Hong Kong to arrange for the completion of the repairs and for taking over the ship when ready.

About this time, the Nationalist authorities in Taiwan claimed that the repairs hitherto effected had been made with funds obtained through a foreign loan of about 6,500,000 Hong Kong dollars, and therefore that the ship should be turned over to them. The People's government reject this claim and say the tanker is theirs just the same as other China Merchants Steamship Company ships which have been taken over. If there are no unforeseen delays, the ship should be finished by the end of April 1950.

- 2 -

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

ESTABLISH STATE-OWNED MOTOR TRANSPORT COMPANY -- New York Hua-ch'iao Jih-pao,
21 Apr 50

Peiping, 6 April (Hsin-hua) -- The National Motor Transport Company of the Ministry of Communications was formally established in Peiping on 5 April 1950. This company was developed from the former North China Highway Transportation Bureau. At present, the new company directs the business of the ten branch motor transport companies of North China, located at Peiping, Tientsin, Shih-chia-chuang, Han-tan, Chahar, T'ai-yuan, P'ingyuan, Chang-chih, Hou-ma, and Hopeh. It has established relationships with the motor transport companies of other sections of the country.

- E N D -

CONFIDENTIAL

- 3 -

CONFIDENTIAL